

Message Text

LIMITED OFFICIAL USE

PAGE 01 NAIROB 10205 112204Z
ACTION SP-02

INFO OCT-01 ISO-00 AF-10 EB-08 HA-05 OES-09 L-03 SS-15
INR-10 /063 W
-----093387 112221Z /61
R 110731Z JUL 78
FM AMEMBASSY NAIROBI
TO SECSTATE WASHDC 8739

LIMITED OFFICIAL USE NAIROBI 10205

STADIS//////////

E. O. 11652: N/A
TAGS: ECON
SUBJECT: FOREIGN ECONOMIC POLICY TOWARD AFRICA

REF: STATE 164983

1. SUMMARY: THE EMBASSY FORWARDS ITS VIEWS ON THE
NEW APPROACH CONTAINED IN THE REFERENCE TELEGRAM.
END SUMMARY.

2. WE APPLAUD THE DEPARTMENT'S DECISION TO TAKE ANOTHER LOOK AT OUR
AFRICAN ECONOMIC POLICY. IT IS PARTICULARLY APPROPRIATE AT THIS TIME,
AS WE HAVE ALL RECENTLY COME THROUGH THE LABORIOUS AID BUDGET
PROCESS WHICH ONCE AGAIN POINTED OUT THE SEVERE CRITERIA
LIMITATIONS WHICH AID LABORS UNDER.

3. ONE WAY TO APPROACH THE PROBLEM OF GAINING MORE FLEXIBLE AID
CRITERIA MIGHT BE TO BASE OUR CASE ON THE THEORETICAL JUSTIFICATION
FOR CONCENTRATING DEVELOPMENT EFFORTS IN THE AGRICULTURAL SECTOR. THE
INTENT OF DEVELOPMENT PROGRAMS IS OBVIOUSLY TO MODERNIZE LDC
SOCIETIES AND TO PROVIDE--FOR BETTER OR WORSE--THE REWARDS TO THOSE
SOCIETIES WHICH INDUSTRIALIZATION CAN BRING. OUR AID PROGRAMS HAVE
NOT HISTORICALLY ALWAYS REFLECTED THIS CLEAR OBJECTIVE. TO ACHIEVE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 NAIROB 10205 112204Z

THIS PURPOSE, NONETHELESS, IT IS NECESSARY, FIRST OF ALL: TO
ESTABLISH A PRODUCTIVE AGRICULTURAL SECTOR WHICH CAN PROVIDE THE
BASIC INTERNAL MARKET FOR THE NATION'S INDUSTRIAL SECTOR AND
ABSORB POPULATION GROWTH UNTIL THE MODERN SECTOR CAN PRODUCE THE
NECESSARY EMPLOYMENT. THEREFORE, AGRICULTURAL DEVELOPMENT IS NOT
PURSUED JUST FOR ITSELF BUT AS THE ESSENTIAL FIRST STEP IN MODER-
NIZING SOCIETIES. AN ADEQUATE DEVELOPMENT PROGRAM MUST ALLOW

FOR THIS LINKAGE BETWEEN A DEVELOPING AGRICULTURAL AND A DEVELOPING INDUSTRIAL SECTOR. IF THIS PREMISE IS ACCEPTABLE--AND IT SEEMS TO ENCOMPASS THE CLEAREST THINKING IN DEVELOPMENT THEORY TO DATE-- THEN OUR VIEW OF HOW TO GENERATE DEVELOPMENT IN THE AGRICULTURAL SECTOR SHOULD BE CONSIDERABLY BROADER THAN AN AID CRITERIA OF TODAY ALLOW.

4. HOWEVER, TO ADOPT FLEXIBLE CRITERIA FOR AGRICULTURAL DEVELOPMENT DOES NOT MEAN A SHOTGUN APPROACH TO SECTORAL PROBLEMS. WE SHOULD RATHER, STRIVE FOR A CONCENTRATION OF EFFORT AND GIVE FRANK RECOGNITION TO THE LIMITATIONS OF WHAT EXTERNAL ASSISTANCE, AND SPECIFICALLY USAID BILATERAL PROGRAMS, CAN ACCOMPLISH. WE MUST ALSO KEEP IN MIND THAT OUR RESOURCES ARE LIMITED, AS IS DOMESTIC SUPPORT FOR FOREIGN AID. IN OTHER WORDS, OUR DESIRE TO GIVE A NEW IMPETUS TO OUR AID PROGRAMMING SHOULD ALSO BE TEMPERED BY THE SOBER REALIZATION OF WHAT WE HAVE LEARNED OVER THE PAST 25 YEARS ABOUT WHAT IS DO-ABLE IN THIS COMPLEX FIELD. RECIPIENT COUNTRIES ARE TODAY ALSO MORE REALISTIC IN THEIR EXPECTATIONS.

5. IN THE LIGHT OF THESE THOUGHTS IT SEEMS TO US THAT THE ELEMENTS OF AN INTEGRATED DEVELOPMENT PROGRAM SUCH AS THOSE SET FORTH IN REFTEL, WILL HAVE TO BE RANKED IN ORDER TO SHOW PRIORITIES AND POTENTIAL USEFULNESS. WE FEEL, FOR EXAMPLE, THE ARGUMENTS CONTAINED IN PARA 7 (1) IN SUPPORT OF A GREATER COMMITMENT TO INFRASTRUCTURE DEVELOPMENT ARE GENERALLY VALID FOR ALL OF AFRICA. IN KENYA, FOR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 NAIROB 10205 112204Z

EXAMPLE, OVERLAND COMMUNICATIONS IN MANY SECTIONS OF THE COUNTRY ARE A PROBLEM AND ONE THE KENYAN GOVERNMENT HAS TROUBLE MEETING EVEN WITH OUTSIDE ASSISTANCE. ON THE OTHER HAND, WE ARE VERY SKEPTICAL IN GENERAL ABOUT IRRIGATION PROJECTS IN MOST OF AFRICA AND IN KENYA IN PARTICULAR. REGIONS SUCH AS THE SAHEL WOULD BE AN EXCEPTION TO THIS OBSERVATION. TO PARAPHRASE DUMONT, IRRIGATION FARMERS HAVE TO BE GOOD FARMERS WITH MODERN CULTURAL PRACTICES AND THERE ARE VERY FEW OF THE LATTER YET IN PLACE IN AFRICA.

6. SHORT TERM BALANCE OF PAYMENTS SUPPORT CERTAINLY WOULD BE A WORTH-WHILE PROGRAM FOR AFRICA, ALTHOUGH WE THINK WE MUST RECOGNIZE THAT MOST AFRICAN COUNTRIES SUFFER FROM LONG--NOT SHORT--TERM BALANCE OF PAYMENTS PROBLEMS. KENYA'S RECENT HISTORY OF COFFEE BOOM AND BUST IS A CASE IN POINT. JUDGED BY THE CRITERIA OF SOME PROPOSED SCHEMES, KENYA IS ALREADY ELIGIBLE FOR SHORT TERM COMPENSATORY FINANCING ON THE BASIS OF THE BEHAVIOR OF HER PRINCIPLE EXPORT CROP. ON THE OTHER HAND, KENYA HAS A CHRONIC BALANCE OF PAYMENTS WEAKNESS WHICH THE PAST PERIOD OF HIGH PRICES COFFEE PRICES HAS ONLY MASKED.

7. MANPOWER SHORTAGES ARE INDEED CHRONIC IN AFRICA AND THERE ARE A MYRIAD OF SCHEMES IN PLACE FOR ADDRESSING THIS PROBLEM. THE QUESTION WE SHOULD BE ASKING OURSELVES IS: IN WHAT SPECIFIC

FIELDS CAN WE BE OF MOST ASSISTANCE AND AT WHAT LEVELS? IT IS OUR FEELING THAT THE U.S. IS EXCELLENT IN AGRICULTURE AND HIGH-LEVEL TECHNICAL TRAINING. OUR DOMESTIC EXPERIENCE WOULD SEEM TO INDICATE THAT WE ARE FAR LESS AT VOCATIONAL AND TECHNICAL TRAINING. THEREFORE, WE MIGHT BE WISE TO TURN OUR ATTENTION TO SUPPORTING AGRICULTURAL TRAINING IN AFRICA AND TO EXPAND OUR AF/GRAD PROGRAM AND POST GRADUATE TRAINING IN U.S. INSTITUTIONS. WE SHOULD FRANKLY RECOGNIZE AND AVOID THOSE AREAS IN WHICH OUR TRACK RECORD IS SPOTTY.

8. HEALTH SEEMS TO US A PRIORITY FIELD IN WHICH WE COULD WORK AND IN WHICH WE HAVE CONSIDERABLE EXPERTISE BUT, AS IS POINTED OUT IN REFTTEL, THIS IS A VERY LONG TERM PROPOSITION AND VECTOR CONTROL MAY REQUIRE CONSIDERABLE ENVIRONMENTAL TAMPERING WHICH MIGHT NOT BE ACCEPTABLE IN THE U.S.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 NAIROB 10205 112204Z

9. ENERGY PROBLEMS CERTAINLY EXIST IN AFRICA, BUT IT WOULD PROBABLY BE VERY DIFFICULT TO GAIN RECIPIENT SUPPORT FOR THE SMALLER SCALE ENERGY PROJECTS SEEMINGLY ENVISIONED IN REFTTEL. MOST GOVERNMENTS,

IN EAST AFRICA AT LEAST, HAVE LARGE SCALE HYDRO PROJECTS ON THE DRAWING BOARD IN ONE FORM OR ANOTHER, AND IT SEEMS LIKELY THAT OUR ASSISTANCE FOR ANYTHING LESS SPECTACULAR THAN THESE PROJECTS WOULD HAVE LITTLE INTEREST.

10. LASTLY, WE BELIEVE THERE ARE TWO AREAS DISCUSSED IN THE REFERENCE TELEGRAM WHICH, FOR VARIOUS REASONS, APPEAR TO BE LOW PRIORITY AND POSSIBLY ILL ADVISED. MINI STATES AND MINI MARKETS ARE INDEED A PROBLEM, BUT TIME IS WRONG POLITICALLY FOR AFRICANS TO MAKE THE POLITICAL DECISIONS THAT WOULD HAVE TO PRECEDE THE ESTABLISHMENT OF REGIONAL SUPERSTRUCTURES. GIVEN THIS LACK OF POLITICAL WILL, THERE WOULD APPEAR TO BE VERY LITTLE THAT OUTSIDE DONORS COULD DO TO ASSIST THE DEVELOPMENT OF REGIONAL INSTITUTIONS. THESE INSTITUTIONS WILL UNDOUBTEDLY HAVE TO FOLLOW AN ORGANIC GROWTH PATTERN WHICH WILL EVOLVE OVER AN EXTENDED PERIOD OF TIME.

11. THE LAST PROBLEM AREA FOR US IS THE WHOLE GENERAL ONE OF PARA 2, QUOTE CONCENTRATION IN EXPORTS UNQUOTE. CERTAINLY IN THE EYES OF THE KENYANS, AND APPARENTLY IN THE EYES OF MOST OF THE GROUP OF 77, WE AND THE OECD SIMPLY HAVE NOT BEEN LISTENING TO THEIR DEMANDS IN THE COMMODITY AND TRADE AREAS OVER THE PAST 3 YEARS. THEY PERCEIVE A LACK OF POLITICAL WILL TO MAKE MEANINGFUL CONCESSIONS ON THE ACCEPTANCE OF LDC AGRICULTURAL AND INDUSTRIAL IMPORTS INTO THE U.S. AND WE FEEL THAT THE RATHER SMALLER STEPS PROPOSED IN THIS SECTION WOULD BE LOOKED UPON AS CONFIRMATION OF OUR WILLINGNESS TO DO ANYTHING SIGNIFICANT IN THESE AREAS. IT MIGHT BE JUST AS WELL TO FOREGO STEPS IN THIS AREA AND DEFER TO THE LARGER ACTION TAKING PLACE IN VARIOUS NORTH-SOUTH FORA.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 05 NAIROB 10205 112204Z

12. WE OFFER THE ABOVE IN THE SPIRIT OF CONSTRUCTIVE COMMENT
AND IN THE HOPE THAT OUR AFRICAN ECONOMIC POLICY CAN BEGIN TO EVOLVE
IN SPIRIT OF REFTEL. I HOPE VERY MUCH THAT WE WILL CONTINUE
OUR DIALOGUE ON THIS SUBJECT WHICH IS SO INTIMATELY TIED TO THE
ACHIEVEMENT OF OUR MISSIONS'S OBJECTIVE.
LEMELLE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 jul 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978NAIROB10205
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780284-0426
Format: TEL
From: NAIROBI
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780774/aaaacknn.tel
Line Count: 182
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3df4ce77-c288-dd11-92da-001cc4696bcc
Office: ACTION SP
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: STADIS
Reference: 78 STATE 164983
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 23 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2052141
Secure: OPEN
Status: NATIVE
Subject: FOREIGN ECONOMIC POLICY TOWARD AFRICA
TAGS: ECON, US, XA
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/3df4ce77-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014